

Message Text

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ACTION EUR-25

INFO OCT-01 ARA-16 EA-11 NEA-10 IO-14 ISO-00 ACDA-19

AID-20 CEA-02 CIAE-00 COME-00 EB-11 FRB-02 INR-10

NSAE-00 RSC-01 CIEP-02 SPC-03 STR-08 TRSE-00 LAB-06

SIL-01 OMB-01 DODE-00 PM-07 H-03 L-03 NSC-10 PA-04

PRS-01 SS-20 USIA-15 SAJ-01 EURE-00 SCI-06 INT-08

SCEM-02 AF-10 DRC-01 /254 W
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INFO AMEMBASSY ANKARA

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AMEMBASSY BONN

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C O N F I D E N T I A L SECTION 1 OF 2 PARIS 28416

GENEVA FOR CSCE AND SALT DELS

VIENNA FOR MBFR DEL

E.O. 11652: GDS
TAGS: PFOR, FR, NATO, EEC
SUBJECT: INITIAL ANALYSIS OF PRESIDENT POMPIDOU'S EC PROPOSAL

REF: PARIS 28215

1. SUMMARY: SEIZING OPPORTUNITY TO BUILD ON DISSATISFACTION OF EC EIGHT WITH US CONSULTATION ON MIDDLE EAST, POMPIDOU HAS ANNOUNCED LONG AWAITED FRENCH INITIATIVE ON EUROPEAN UNION. IT BREAKS NO NEW SUBSTANTIVE GROUND, BUT IT DOES REGAIN MOMENTUM FOR FRENCH VISION OF A STRONG, PROSPEROUS AND INDEPENDENT EC, IN WHICH FRENCH PLAYS THE LEADING ROLE AND THROUGH WHICH SHE CAN PURSUE NATIONAL OBJECTIVES. IT LSO PROVIDES POMPIDOU WITH OPPORTUNITY TO REASSERT HIS AUTHORITY IN THE FACE OF DOMESTIC CRITICS WHO ACCUSE HIM OF INDECISION AND DRIFT ON PRESSING DOMESTIC PROBLEMS SUCH AS INFLATION. POMPIDOU'S PROPOSAL WILL COMPOUND EXISTING PROBLEMS IN TRANS-ATLANTIC RELATIONS, ESPECIALLY US EFFORTS TO GAIN ACCEPTANCE OF "PARTNERSHIP" AND "INTERDEPENDENCE" IN US-EC DECLARATION OF PRINCIPLES. END SUMMARY.

2. POMPIDOU'S EUROPEAN PROPOSAL CONSISTS OF FOUR COMPONENTS. FIRST, REGULAR SUMMIT MEETINGS OF EC HEADS OF STATE AND GOVERNMENT TO "HARMONIZE" ATTITUDES IN AREA OF POLITICAL COOPERATION. FIRST OF THESE SUMMITS SHOULD TAKE PLACE BEFORE THE END OF 1973. THIS IS REMINISCENT OF FOUCHE PLAN WHICH HAD AS ITS CENTERPIECE REGULAR EUROPEAN SUMMIT MEETINGS. POMPIDOU'S PROPOSAL SEEMS TO EXCLUDE EC COMMISSION PARTICIPATION. IT DOES NOT EXPLICITLY EXCLUDE, HOWEVER, POSSIBILITY OF CONCURRENT FONMIN MEETINGS ON EDGE OF SUMMIT. SUMMIT PROPOSAL IS CONSISTENT WITH FRENCH IDEA
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OF "EUROPE OF STATES," OR A CONFEDERATED EUROPE. IT DOES NOT BREAK NEW GROUND IN THE DIRECTION OF A POLITICALLY INTEGRATED EUROPE, ALTHOUGH IN PRACTICE AND DESPITE WHAT WE WOULD EXPECT TO BE FRENCH OPPOSITION, IT COULD EVOLVE IN THAT DIRECTION. MOST IMPORTANTLY, IT GIVES FRENCH A LAUNCHING PLATFORM FOR GETTING EUROPE MOVING AS "EUROPE," AND (AT LEAST IN FRENCH EYES) UNDER FRENCH GUIDANCE AND ACCORDING TO FRENCH GROUND RULES OF COOPERATION, NOT INTEGRATION.

3. SECOND, CONTINGENCY ARRANGEMENT FOR CONVENING EC NINE REPRESENTATIVES TO DEFINE AND ADOPT COMMON CRISIS PROCEDURES DOES NOT BREAK NEW GROUND TOWARD EUROPEAN POLITICAL INTEGRATION, ALTHOUGH PROVIDING A DISTINCT PROD TOWARD MORE EFFECTIVE "HARMONIZATION" OF POLICIES OF NINE. EVENTS SURROUNDING MIDDLE EAST CRISIS PROVIDED CATALYST FOR THIS PROCEDURAL IDEA, AS FOR SUMMIT PROPOSAL ITSELF. THROUGHOUT ATTEMPTS OF NINE IN MID-OCTOBER TO PRODUCE A JOINT DECLARATION ON MIDDLE EAST, FRENCH VETOED ANY PROPOSAL THAT SEEMED ONLY TO "RUBBER-STAMP" SUPER-POWER MOVES TOWARDS SOLVING THE CRISIS. FOR EXAMPLE, IN ABSENCE OF A DISTINCTLY "EUROPEAN" ALTERNATIVE SOLUTION, FRENCH WERE NOT PREPARED TO HAVE NINE SIMPLY BLESSUS/USSR SECURITY COUNCIL RESOLUTION. PROPOSAL FOR INSTITUTIONALIZING CRISIS "HARMONIZATION" IS DESIGNED TO INCREASE POSSIBILITY THAT NINE CAN QUICKLY DEFINE "EUROPEAN" RESPONSES TO CRISIS SITUATIONS SUCH AS MIDDLE EAST.

4. THIRD, REASONS FOR POMPIDOU'S PROPOSED COORDINATION AMONG THE NINE "TO ASSURE THE STABILITY OF THEIR CURRENCIES AND TO MAKE IT POSSIBLE TO RESIST SPECULATIVE MOVEMENTS" ARE LESS EASY TO DISCERN. PERHAPS FRANCE WISHES A DECISION THIS YEAR ON AN INTERNAL EUROPEAN PAYMENTS SYSTEM, BASED EITHER UPON AGREEMENT TO FIX A NEW OFFICIAL PRICE OF GOLD FOR INTRA-EUROPEAN CLEARING, AS POMPIDOU AND GISCARD HAVE PROPOSED RECENTLY, OR UPON A SEPARATE EUROPEAN AGREEMENT ON THE VALUE OF THE SDR, AS SUGGESTED IN THIS WEEK'S ISSUE OF BUSINESS WEEK. CONCEIVABLY, IT COULD ALSO PRESAGE AN EFFORT TO EXTEND THE FRENCH SYSTEM OF CONTROLS ON CAPITAL MOVEMENTS TO THE ENTIRE COMMUNITY. IT IS ALSO POSSIBLE THAT THE PRESIDENT IS PUSHING FOR AGREEMENT THIS YEAR ON FURTHER STEPS TOWARDS EUROPEAN MONETARY UNION, SUCH AS GREATER POOLING OF ESERVES IN A EUROPEAN MONETARY COOPERATION FUND. (THIS, HOWEVER, WOULD

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RAISE THE QUESTION OF THE ENTRY OF THE POUND AND LIRA INTO THE EUROPEAN "SNAKE.") IT SHOULD BE RECALLED THAT MOVEMENT TOWARDS MONETARY UNION HAS LONG BEEN THE PREFERRED FRENCH WAY OF PROMOTING A SEPARATE EUROPEAN IDENTITY WITHOUT DEPRIVING FRANCE OF HER SOVEREIGNTY IN THE REALM OF OVERALL ECONOMIC POLICY.

5. FOURTH ELEMENT OF PROPOSAL IS MEETING OF ECONOMIC MINISTERS TO ESTABLISH PLAN TO CONTAIN INFLATION, PARTICULARLY IN LIGHT OF THE ENERGY CRISIS. UNLIKE POLITICAL INITIATIVES (SUMMIT MEETINGS AND CRISIS CONSULTATION, PROPOSALS RELATING TO MONETARY AND ECONOMIC MEASURES EXPLICITLY CALL FOR PARTICIPATION OF EC COMMISSION. THUS, THE FRENCH DO NOT SEEM TO HAVE MOVED FROM THEIR STRICT CONSTRUCTIONIST VIEW THAT TREATY OF ROME (AND THEREFORE PARTICIPATION OF EC INSTITUTIONS) IS

LIMITED TO ECONOMIC MATTERS, WHILE POLITICAL COOPERATION AMONG THE NINE IS SEPARATE FROM TREATY.

6. COMMENT: INTERNATIONAL CONSIDERATIONS: FRANCE'S PAST INTRANSIGENCE TOWARD EC POLITICAL COOPERATION HAS TAKEN TACTICAL TURN TOWARD NEW WILLINGNESS TO PURSUE CLOSER EUROPEAN IDENTITY SO LONG AS FRANCE CAN SET THE PACE AND THE DIRECTION. THE OPERATIVE VERB, HOWEVER, REMAINS "HARMONIZE," NOT "INTEGRATE." FRENCH EFFORTS WITHIN THE EC TO ARRIVE AT A US-EC DECLARATION OF PRINCIPLES ARE DIRECTED TOWARD ACHIEVING CLOSER IDENTITY OF POLICIES OF THE EIGHT WITH THOSE OF FRANCE, RATHER THAN TOWARD ESTABLISHING FRAMEWORK FOR TRANS-ATLANTIC COMMUNITY. SIMILARLY, THE FRENCH DRAFT DECLARATION OF PRINCIPLES TABLED IN NATO EMPHASIZES EUROPEAN NATURE OF EUROPE'S SECURITY PROBLEM (WHILE CLEARLY ADMITTING THAT THE US PLAYS AN INDISPENSABLE ROLE IN THAT SECURITY FOR TIME BEING). IN HIS PRESS CONFERENCE OF SEPTEMBER WUN PRESIDENT POMPIDOU SAID HE WAS READY TO PARTICIPATE IN REGULAR EC SUMMITS IN ORDER TO DEVELOP EUROPEAN POLITICAL COOPERATION, BUT HE SAID HE WOULD LEAVE THE INITIATIVE TO OTHERS. NEW DEVELOPMENTS (E.G. MIDDLE EAST) HAVE PROVIDED HIM WITH OPPORTUNITY TO ADOPT A MORE ASSERTIVE STANCE IN PROPOSING TO HIS EIGHT EC ALLIES REGULAR EC SUMMIT MEETINGS. IN EACH OF THESE CASES (EUROPEAN IDENTITY, US/EC AND NATO DECLARATIONS, SUMMITS AND CRISIS CONSULTATION), THE FRENCH GOAL HAS BEEN TO EMPHASIZE RELATIONS AMONG THE EUROPEANS AND TO DE-EMPHASIZE

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TH ROLE OF THE US IN EUROPE, WITH NOTABLE EXCEPTION OF US ROLE IN THE DEFENSE OF EUROPE.

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NSAE-00 RSC-01 CIEP-02 SPC-03 STR-08 TRSE-00 LAB-06

SIL-01 OMB-01 DODE-00 PM-07 H-03 L-03 NSC-10 PA-04

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INFO AMEMBASSY ANKARA

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C O N F I D E N T I A L SECTION 2 OF 2 PARIS 28416

7. RE MIDDLE EAST SITUATION, POMPIDOU'S OCTOBER 31
STATEMENT REFLECTS GOF'S MORTIFICATION AT BEING EXCLUDED FROM
GREAT POWER DIPLOMATIC ACTION; GOF MAY HOPE THAT FRANCE IN
EUROPEAN CLOTHING WILL BE MORE INFLUENTIAL IN ME AFFAIRS.
POMPIDOU'S STATEMENT ALSO PERMITS HIM TO REITERATE GOF'S
READINESS TO ASSIST IN ARAB-ISRAELI SETTLEMENT, WHILE
EMPHASIZING THAT THIS MUST BE UNDER UNSC AUSPICES AND MUST
INSURE LASTING PEACE AND SECURITY FOR ALL ME STATES (I.E.,

ESPECIALLY ARAB COUNTRIES).

8. POMPIDOU HAS MOVED VERY RAPIDLY TO TAKE ADVANTAGE OF THE CURRENT SENSE OF DISARRAY WITHIN THE NATO ALLIANCE AND THE WAVE OF FRUSTRATION THAT THE ALLIES (INCLUDING THE EC EIGHT) FEEL BECAUSE OF WHAT THEY VIEW AS BREAKDOWN OF NATO CONSULTATIVE PROCESS IN COURSE OF ME CRISIS. HIS PROPOSALS, WHICH MIGHT HAVE FALLEN ON DEAF EARS TWO MONTHS AGO, NOW HAVE A SENSE OF RELEVANCE TO A EUROPE FEELING IGNORED BY ITS MAJOR ALLY. POMPIDOU IS SAYING THAT A EUROPEAN ALTERNATIVE EXISTS FOR EUROPEANS TO CONFRONT ISSUES IN WHICH THEY ARE DIRECTLY INTERESTED, SUCH AS ME. WHILE WE DO NOT CONCLUDE THAT THIS SERIES OF PROPOSALS SUGGESTS A FRENCH WILLINGNESS TO MOVE TOWARD GENUINE POLITICAL INTEGRATION WITHIN THE EC, WE THINK THE EVIDENCE IS QUITE CLEAR THAT FRENCH WILL PUSH FOR CLOSER "HARMONIZATION" OF EC POLITICAL VIEWS ALONG LINES ADVANTAGEOUS TO FRENCH POLICY. BASED ON PAST PERFORMANCE, WE WOULD EXPECT THAT THE DIRECTION OF THIS "HARMONIZATION" IS LIKELY TO CONFLICT WITH SOME US POLICIES AND AGGRAVATE THE SENSE OF SEPARATION THAT INCREASINGLY CHARACTERIZES THE TRANS-ATLANTIC RELATIONSHIP. AT THE VERY LEAST, TO THE EXTENT IT IS ACCEPTED BY THE EIGHT, IT WILL TEND TO DETRACT FROM THE ROLE OF NATO AND THE PRIMARY CONSULTATIVE FORUM FOR EUROPEAN POLITICAL AND SECURITY MATTERS.

9. IN SUM, WHILE DEMONSTRATING LEADERSHIP, POMPIDOU'S EUROPEAN INITIATIVE STEERS CLEAR OF POLITICAL INTEGRATION AND CONFIDENTIAL

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UNDERLINES FRENCH PREFERENCE FOR COORDINATION, THUS KEEPING HIS OPTIONS OPEN.

10. COMMENT: DOMESTIC CONSIDERATIONS: POMPIDOU'S INITIATIVE IS ALSO AIMED AT DOMESTIC AUDIENCE. BOTH SUPPORTERS AND OPPONENTS OF THE GOVERNMENT HAVE REGISTERED DISSATISFACTION IN RECENT DAYS WITH INABILITY OF FRANCE TO PLAY SIGNIFICANT ROLE IN RESOLVING ARAB-ISRAELI CONFLICT. THE PRESIDENT'S CALL FOR A GREATER EUROPEAN ROLE IN WORLD AFFAIRS, BASED ON CONCERNATION OF THE EC NINE'S POLICIES AT THE SUMMIT, WILL BE SATISFYING TO MOST FRENCHMEN. INDEED, ONE OF THE SEVEREST CRITICS OF THE GOVERNMENT'S EUROPEAN POLICIES, OPPOSITION LEADER JEAN LECANUET, HAS ALREADY CALLED POMPIDOU'S INITIATIVE "A GOOD THING WHICH GOES IN THE RIGHT DIRECTION."

11. POMPIDOU'S CALL FOR EC DISCUSSION OF FINANCIAL AND ECONOMIC, AS WELL AS POLITICAL, QUESTIONS COMES AT A TIME OF DEEP CONCERN WITH FRANCE ABOUT INFLATION. AN 0.9 PER CENT INCREASE IN THE COST OF LIVING INDEX IN SEPTEMBER HAS MADE THIS PROBLEM MORE ACUTE THAN EVER. EXPRESSIONS OF CONCERN

RANGE FROM COMMUNIST LABOR LEADER SEGUY'S CALL FOR STRIKES AND SOCIAL AGITATION TO FORCE PRICES DOWN, TO UDR SECRETARY GENERAL SANGUINETTI'S INSISTENCE THAT TIME HAS COME FOR DEEDS, NOT WORDS, IN FIGHT AGAINST INFLATION. SANGUINETTI'S STATEMENT REFLECTS THE VIEWS OF FORMER PRIME MINISTER DEBRE AND PROBABLY THE MAJORITY OF THE UDR WHO ARE IMPATIENT WITH FINANCE MINISTER VALERY GISCARD D'ESTAING'S MEASURES AGAINST INFLATION TO DATE. GISCARD RECENTLY REPEATED HIS PREFERENCE TO WAIT UNTIL THE RESULTS FOR NOVEMBER AND DECEMBER ARE KNOWN BEFORE TAKING A DECISION ON AN INCOMES POLICY. PRESIDENT POMPIDOU FINDS HIMSELF CAUGHT BETWEEN PRICE DEVELOPMENTS AND THE PRESSURES OF HIS OWN PARTY ON THE ONE HAND AND THE OPPOSITION OF BUSINESS AND LABOR TO AN INCOMES POLICY. COUPLED WITH RETICENCE OF HIS FINANCE MINISTER, ON THE OTHER. IT IS POSSIBLE THAT BY PROJECTING THIS PROBLEM INTO A EUROPEAN FRAMEWORK THE PRESIDENT IS SEEKING A WAY OUT OF THE DILEMMA. FOR EXAMPLE, GOF COULD JUSTIFY NEW ECONOMIC MEASURES, INCLUDING SOME FORM OF INCOMES POLICY, ON THE GROUNDS OF EUROPEAN SOLIDARITY IN THE FIGHT AGAINST INFLATION.

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12. FINALLY, THIS DISPLAY OF ACTIVITY AND LEADERSHIP IS ALSO UNDOUBTEDLY DESIGNED TO REASSERT THE PRESIDENT'S CONTROL OF FRENCH INTERNAL EVENTS. POMPIDOU'S RECENT SETBACK ON CONSTITUTIONAL REFORM, THE DIVISIVE ASSEMBLY DEBATE ON MIDDLE EAST AND INCREASED EVIDENCE THAT SEVERAL DOMESTIC ISSUES ARE CAUSING DISSENSION WITHIN MAJORITY COALITION PARTIES (PARIS 27420) ARE REGARDED BY SOME PRESS AND POLITICAL COMMENTATORS AS SIGNS OF GOF DRIFT AND POSSIBLY CRISIS OF LEADERSHIP. WITH HIS EUROPEAN INITIATIVE, POMPIDOU IS ATTEMPTING TO BRING HOME FORCEFULLY THAT HE STILL COMMANDS THE KEY LEVERS OF FRENCH FOREIGN AND DOMESTIC POLICY.

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